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Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
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Ex Parte: Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers – CC Docket No. 01-338; Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 - CC Docket No. 96-98; Deployment of Wireline Services Offering Advanced Telecommunications Capability – CC Docket No. 98-147

Dear Ms. Dortch:

In comments and *ex parte* submissions filed in this proceeding, Verizon has demonstrated, through empirical evidence, that the current unbundling requirements inhibit facilities-based competition. In markets where carriers once invested in their own switches, such deployment has declined as widespread rollout of the UNE Platform (UNE-P) has occurred. Where carriers had relied heavily on using their own facilities to serve business customers, they are now beginning to do so using UNE-P arrangements. Some carriers have even begun to convert customers from their own switches to UNE-P.

These recent trends are happening at the same time that the Commission is conducting its impairment analysis with the expressed intent to craft new unbundling policies that promote facilities-based competition. In the face of overwhelming evidence that carriers can and do deploy their own switches, some carriers have argued they would nevertheless be impaired without unbundled local switching because they need UNE-P in order to bring "new choices" and "unique offerings" to consumers, implying that such services would not, and could not, be provided if the ILEC's requirements to provide UNE-P are eliminated.

Nothing could be further from the truth - there is no basis to the CLEC's claims of providing "innovative" network services using UNE-P. In reality, these offerings are nothing more than pricing packages, billing-related options, or "enhanced" services, such as voice messaging, that can easily be provided with existing resold local exchange service offerings or via the CLEC's own switching facilities.

In its *ex parte* of October 1, 2002, CompTel represents that many competitors rely on UNE-P to bring "choice" to consumers and provides examples of how a number of companies rely on UNE-P to do so. According to CompTel, these companies "...understand how to use components of the existing public switched telephone network, in combination with their own technology and infrastructure, to deliver services that consumers want to purchase." In reality, none of the CLECs CompTel describes provides any evidence of a truly unique/customized use of UNE-P. For example:

Access Integrated Networks:

"...provides basic local service with vertical features, such as Caller ID, call waiting, call forwarding and three-way calling, if requested by the consumer."

All of these services are enhanced calling options that are standard features available with resold local exchange service.

United Communications Inc. (UniCom):

"Among the services offered by Unicom are trunks, lines, Centrex and other business features. Bundled services include combinations of local services with features, long distance and Internet access and interconnect services."

Centrex, custom calling features, local services, long distance and Internet access can be provisioned using with resold local exchange service or can be provisioned by the CLEC's own switch. The "bundling" of these services is a pricing/billing function not dependent on the underlying switching platform.

Z Tel:

"Z-Tel deploys from its own network enhanced services, such as Internet-accessible voice mail, message notification via e-mail, cell phone or pager; and "Find Me" multiple number call forwarding. Customers also get personalized web space, from which they can customize features; check and manage their voice mail messages; manage an online address book; view and pay bills; and conduct live chat sessions with customer care professionals. Service packages include:

- Residential: Z-LineHOME bundles local and long-distance service with Z-Tel's proprietary enhanced services and traditional class features for a flat rate that varies by state. In 14 states, Z-Tel offers Z-LineHOME Unlimited, which offers the same enhanced and CLASS features, along with unlimited local and long-distance calling.
- Business: Z-LineBUSINESS offers businesses both local and long-distance minute package options, along with custom calling features, Business Communications Center (Z-Tel's suite of enhanced services), travel cards and toll-free service. Customers also can choose these services on a la carte basis.

Call forwarding and other custom calling features, local services, long distance and Internet access can be made available with resold local exchange service or can be provisioned by the CLEC's own switch. The "bundling" of these services under various pricing packages is a pricing/billing function not dependent on the underlying switching platform.

*The only "unique" service Z-Tel appears to offer is access to voice messages and the ability to customize features via the Internet. However, this capability is dependant on Z-Tel's own voice messaging and custom calling functions which are resident in Z-Tel's own processing centers. The ability to access these features has no relationship to the underlying switching platform used by the CLEC. In fact, Z-Tel admits that its network architecture "...utilizes local switches as "dumb" pass-through instruments" and any Commission action that would result in Z-Tel having to use self-provided switching would be a "forced gating of our business – **which is selling software**" (emphasis added, see Z-Tel ex parte of October 10, 2002).*

This litany of UNE-P based offerings is far from "innovative". In reality, these so-called "innovative services" are nothing but billing packages and "enhanced service" offerings, which can technically be provided using resold services. The attached chart illustrates this fact by comparing the services these carriers provide to those capabilities that are currently available with Verizon's UNE-P and resold local service offerings. In fact, the services Verizon offers to CLECs under resale, and end users under retail offerings, are much more extensive than the CLECs themselves offer to their customers.¹

¹ Verizon lists *seventy-five* different products, services, calling plans, and optional, custom calling, CLASS and private line features on its website as available to CLECs for resale (for descriptions of Verizon resale services see <http://www.verizon.com/wholesale>).

Core Comm:

"CoreComm allows its customers to individualize their service portfolio to include everything from competitively priced local and long distance calling plans, Centrex, toll-free services, Internet access, voice mail, cellular, paging and calling cards.

- CoreComm bundles local calling, long distance, voice mail and Internet services over POTS, Centrex and analog/digital trunk service configurations. These services can be bundled in CoreComm residential and business offerings.
- CoreComm offers personalized pricing to business customers, but generally prices its UNE-P packages at approximately 10 percent less than prevailing ILEC rates."

There is nothing unique about the characteristics of UNE-P, which enables CoreComm to provide any of these services. Services such as Centrex, long distance, toll-free numbers, and Internet access can be provisioned over resold local exchange service or using a CLEC's own switch. Cellular, paging and calling card options have nothing to do with the use of the ILEC's switch. Competitive pricing plans are packaged and billed without respect to the underlying switching platform.

ITC^Delta Com:

"ITC^DeltaCom offers packages of local, long-distance service and stand-alone options. The company also offers a wide variety of features and calling options, and phone systems and network-based services.

- ITC^DeltaCom's premier small business packages, SELECT 100, provides customers with unlimited local calls and an option for unlimited LATA-wide calls to eliminate confusion related to the calling boundaries. The company soon expects to add dial-up Internet service to the SELECT 100 package.
- ITC^DeltaCom also offers customers online billing and reporting via its online billing tool – eBillMaster."

Services such as long distance, optional calling features, and Internet access can be provisioned over resold local exchange service or using a CLEC's own switch. Pricing plans for local and LATA-wide calling and on-line billing services can be provided irrespective of the underlying switching platform used by the CLEC.

Metropolitan Telecommunications (MetTel):

"Voice services include local, toll-free, long distance, international, calling cards, POTS, Centrex, PBX, ISDN and voice messaging."

Local, toll-free, long distance, international, POTS, Centrex, PBX, ISDN and voice messaging are all features that can be made available with resold local exchange service or can be provisioned by the CLEC's own switch.

nii Communications Ltd.:

"Among the services offered a la carte at discounted rates are local dialtone, conference calls, voice mail, custom calling features, long distance, web site hosting and development and Internet services.

Local, toll-free, long distance, conferencing, custom calling and voice messaging are all features available with resold local exchange service or can be provisioned by the CLEC's own switch. Web site hosting is not performed in an ILEC's local switch.

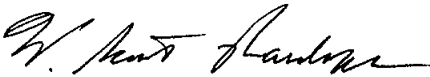
The fact that CLECs are using the same exact functions resident in Verizon's own switches is evidenced by the CLEC's own actions. Indeed, CLECs buying UNE-P have requested network configurations that mirror existing Verizon service offerings in almost every instance (98% in Verizon East). Even in the few instances where they have requested different configurations, the differences only relate to Operator Services implementation, a capability also available with resale. Verizon can not identify any CLEC that has implemented a customized network design that provides any "innovative" offerings.

Moreover, all the "enhanced services" identified by the CLEC's above can and are provided by a multitude of ESP's that avail themselves of retail services, not UNE-P. Many competitive ESPs provide Voice Messaging, Web site hosting and Internet accessible voice mail, without the use of UNE-P arrangements.

In summary, there are no unique technical characteristics of the UNE-P that enable CLECs to provide innovative services and options to consumers that cannot be provided via other means, including resale and the use of a CLEC's own switch. The "unbundled" capabilities obtained by UNE-P providers are consistent with the capabilities of retail services for all aspects.² Thus, there cannot be any basis for a finding of impairment as the CLECs claim.

Please associate this notification with the record in the proceedings indicated above. If you have any questions regarding this matter, please call me at (202) 515-2530.

Sincerely,



W. Scott Randolph

Attachment

cc: William Maher
Michelle Carey
Tom Navin
Rob Tanner
Jeremy Miller
Claudia Pabo
Jon Reel
Gina Spade
Jerry Stanshine
Shanti Gupta
Christopher Libertelli
Matthew Brill
Jordan Goldstein
Daniel Gonzalez

² Of course, the only real difference between how CLECs are using UNE-P and resold local service offerings is price.

“UNE-P and the Innovative Services Myth”

Comparison of Basic Services and Calling Features

Features	AIN	Core Comm	ITC DeltaCom	MetTel	Nii	UniCom ¹	Z-Tel	Verizon UNE-P	Verizon Resale ²
Basic Service									
Analog POTS	X	X	X	X	X	X	X	X	X
ISDN				X	X	X		X	X
PBX				X				X	X
Centrex		X		X		X		X	X
Calling Features			X ³						
Call Block		X			X	X		X	X
Call Forwarding	X	X			X	X	X	X	X
Call Waiting	X	X			X		X	X	X
Caller ID	X	X			X		X	X	X
Call Answering								X	X
Call Manager								X	X
Distinctive Ring		X			X			X	X
Hunting								X	X
Listings					X			X	X
Priority Call					X	X		X	X
Remote Call Forwarding								X	X
Repeat Call		X			X			X	X
*69 (return call)		X			X	X		X	X
Select Forward						X		X	X
Speed Calling		X			X	X	X	X	X
3-way Calling	X	X			X		X	X	X
Touch Tone								X	X
Voice Dialing					X		X	X	X

¹ Calling features listed for UniCom are advertised only for business Centrex services, options for residential

voice are not specified (www.uci.net/local).

² Resale services identified for Verizon are only a partial list – there are *seventy-five* different products, services, calling plans, and optional, custom calling, C and private line features available to CLECs for resale (for descriptions of Verizon resale services see <http://www.verizon.com/wholesale>).

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³ ITX DeltaCom provides various “calling options and features” but individual features are not specified on it

s website (www.itcdeltacom.com).

“UNE-P and the Innovative Services Myth”

Offerings that may utilize the switching function but are not directly dependent on the availability of UNE-P:

Features	AIN	Core Comm	ITC DeltaCom	MetTel	Nii	UniCom	Z-Tel	Verizon UNE-P	Verizon Resale
Voice Mail		X		X	X		X	*	*
On-line Voicemail							X	*	*
Web Hosting					X		X	*	*
Internet Access		X	X		X	X		*	*
Long Distance	X	X	X	X	X	X	X	*	*
Product Bundles	X	X	X		X			*	*
Online Billing			X					*	*

* All of these services can be provided by a CLEC irrespective of whether it uses Verizon UNE facilities.

-P, Verizon Resale, or the CLEC' s own switching

Sources: CompTel *ex parte* dated October 1, 2002, CC Dockets 01 -338, 96 -98, 98 -147

Access Integrated Networks, Inc. (AIN)

www.accesscomm.com

CoreComm Communications, Inc.

www.core.com

ITC DeltaCom, Inc.

www.itcdeltacom.com

Metropolitan Telecommunications (MetTel)

www.mettel.com

nii Communications Ltd.

www.niicomunications.com

United Telecommunications Inc. (Unicom)

www.ucinet.com

Z-Tel Communications, Inc.

www.z-tel.com